

Jubilee's Middelburg ops reach operational, financial targets

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Aim-and AltX-listed Jubilee Platinum's Middelburg smelter operations have achieved the targeted operational and financial milestones after completing the final phase of its four-phase, two-year renewal programme in May.

Following the successful commissioning in April of the third ARC furnace, metal production at the Mpumalanga-based operations during May jumped 45% compared with April, with the company posting an unaudited net profit of R1.33-million.

The mine-to-metals specialist said the output, to date, for June was on target and would make a further positive contribution to Jubilee's cash flow.

The initial financial results of the first month's operation supported sustainable revenue growth and an increase in gross profit margins to a targeted 38%.

"We are pleased that the Middelburg operations are delivering on the investment made into the implementation and conclusion of the Middelburg renewal programme," Jubilee CEO Leon Coetzer said.

He noted that further optimisation opportunities would be evaluated, including the potential for further automation to counter the continued labour cost pressures, as well as reusing waste heat within the various processes.

Jubilee's renewal programme was an "intervention" aimed at ensuring sustainability and operational efficiency through the expansion of processing capacity on the back of secured processing contracts.

In line with this, Jubilee subsidiary Power Alt had secured an extension of its private power purchase agreement (PPA) with State-owned power utility Eskom until the end of March 2015, with an escalation in the power sales price of 6.4%.

The extended PPA enabled Power Alt to sell all surplus electricity during any furnace interruption or downtime to Eskom, thereby, buffering the revenues generated by the Middelburg operations.

"This places the Middelburg operations in a unique position to help counter both the threat of power outages in South Africa, as well as any smelter operational interruptions," Coetzer said.

The company would now aggressively focus on bringing its Dilokong chrome mine (DCM) surface tailings into operation.

Negotiations to obtain a processing plant to treat the platinum-bearing DCM tailings were at an advanced stage, Coetzer indicated, noting that a number of financing options were being considered with a view to maximising shareholder value.